

Ballymore Properties (Thames Royal) Limited

**Directors' report and financial
statements**

Year ended 31 March 2011

Registered number 06235593

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Ballymore Properties (Thames Royal) Limited

Directors' report and financial statements

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Ballymore Properties (Thames Royal) Limited

Directors and other information

Directors	D Pearson B Fagan J Mulryan
Secretary	B Fagan
Registered office	St John's House 5 South Parade Summertown Oxford OX2 7JL
Auditor	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2
Solicitors	Howard Kennedy Harcourt House 19 Cavendish Square London W1A 2AW

Ballymore Properties (Thames Royal) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2011

Principal activity and business review

The principal activity of the company is that of a property development company. There has been no significant change in this activity during the year. However, the operating environment for the business has proven to be difficult during the year.

The carrying value of stock is £24 million (2010: £35.2m). Stock primarily arises from the acquisition of a development property from a fellow group company and, secondly, from the continued development and enhancement of the property.

Results and dividends

The results for the year are set out on page 7 of the financial statements. The loss for the year after taxation amounted to £14,368,978.

Each year, the directors review the carrying value of the company's stock in the context of current market conditions, and where necessary, state these assets at the lower of cost and net realisable value. In determining the realisable value, the directors appraise the eventual financial outcome on each stock item. They consider the various risks associated with development, including planning risk, construction risk and programme risk. They also examine the prudence of the assumptions underlying an appraisal including the timeline to complete, future attributable costs to complete (including planning, construction, marketing and financial costs where appropriate) and the eventual proceeds the company will expect to receive from the sale of the stock. On this basis, the directors have provided for an impairment in the value of stock of £11.4 million in the current year and this is reflected in the results for the year.

Directors

The directors and secretary who currently hold office are listed on page 1.

D. Brophy resigned as a director on 4 November 2011.

D. Pearson was appointed as a director on 9 November 2011.

There were no other changes in directors or secretary during the year or since year end.

Ballymore Properties (Thames Royal) Limited

Directors' report (*continued*)

Post balance sheet events

No events affecting the company have taken place since the end of the financial year which requires disclosure in the financial statements

Political donations

The company made no political or charitable contributions during the year

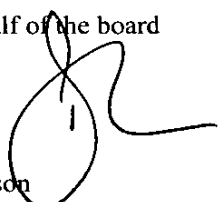
Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office

On behalf of the board


D Pearson
Director

Ballymore Properties (Thames Royal) Limited

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

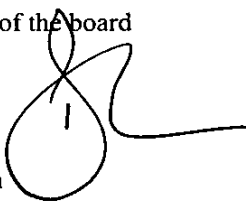
In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board

D Pearson
Director

A handwritten signature in black ink, consisting of a large loop followed by a horizontal stroke.



KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Ballymore Properties (Thames Royal) Limited

We have audited the financial statements of Ballymore Properties (Thames Royal) Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent auditor's report to the members of Ballymore Properties (Thames Royal) Limited

(continued)

Opinion on financial statements *(continued)*

Emphases of matter - valuation of properties and going concern

In forming our opinion on these financial statements, which is not modified, we have considered the adequacy of the disclosures made in (i) Note 1 concerning material uncertainties affecting the company's ability to continue as a going concern and (ii) Note 7 concerning the uncertainty associated with the assessment of the carrying value of the company's property assets under current market conditions

The company is a member of a group headed by Ballymore Properties ("the group") At 31 March 2011 the company had net liabilities of £71,333,386 and is dependent for its working capital on funds provided to it by the group The group is in turn dependent on the ongoing financial support of its lenders to continue as a going concern These conditions, together with the other matters explained in Note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern

The company's principal assets comprise development property with a carrying value of £24,000,000 Given the materiality of these amounts and the inherent subjectivity in the assessment of the carrying value of those assets, we draw your attention to the uncertainty underlying those valuations, as outlined in note 7

The financial statements do not include any adjustments that would result if the company was unable to recover the full carrying value of its development properties or if the company was unable to continue as a going concern

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

C. Mullen (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
Dublin

20th December 2011

Ballymore Properties (Thames Royal) Limited

Profit and loss account

for the year ended 31 March 2011

	Notes	2011 £	2010 £
Turnover - continuing operations	2	327,740	616,863
Cost of sales		(11,492,909)	(22,105,379)
Gross loss		(11,165,169)	(21,488,516)
Administration expenses		(835,289)	(798,976)
Operating loss - continuing operations	3	(12,000,458)	(22,287,492)
Investment income	4	750,342	751,806
Interest payable and similar charges	5	(3,118,862)	(257,061)
Loss on ordinary activities before taxation		(14,368,978)	(21,792,747)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	11 / 12	(14,368,978)	(21,792,747)

The company had no recognised gains or losses in the financial year or the preceding financial year other than those shown in the profit and loss account

Ballymore Properties (Thames Royal) Limited

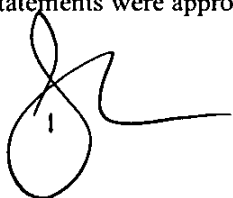
Balance sheet

at 31 March 2011

	Notes	2011 £	2010 £
Current assets			
Stocks	7	24,000,000	35,183,472
Debtors	8	49,861	281,096
Cash at bank and in hand		909,581	389,823
		<u>24,959,442</u>	<u>35,854,391</u>
Creditors: amounts falling due within one year	9	<u>(96,292,828)</u>	<u>(92,818,799)</u>
Net liabilities		<u>(71,333,386)</u>	<u>(56,964,408)</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account	11	(71,333,387)	(56,964,409)
Shareholders' deficit	12	<u>(71,333,386)</u>	<u>(56,964,408)</u>

The financial statements were approved by the board of directors on 20/12/2011 and were signed on its behalf by

D Pearson
Director



Ballymore Properties (Thames Royal) Limited

Notes

forming part of the financial statements

1 Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost accounting convention and comply with financial reporting standards of the Accounting Standards Board

The financial statements are prepared in UK Sterling, which is the functional currency of the company

Going concern

The company is a member of a group headed by Ballymore Properties ("the group"), a company incorporated in the Republic of Ireland

Notwithstanding having net liabilities of £71,333,386 at 31 March 2011, the financial statements of the company are prepared on the going concern basis, which the directors believe to be appropriate for the following reasons

The company is dependent for its working capital on funds provided to it by the group. The group has confirmed that it will continue to make available such funds as are needed by the company and in particular, will not seek repayment of amounts owed to it for at least 12 months from the date of approval of the financial statements. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

The Ballymore Properties group is in turn dependent on the ongoing financial support of its lenders to continue as a going concern. The group's bank borrowings are provided by Irish, UK and European financial institutions. During 2010, a significant proportion of the group's bank borrowings previously held by Irish financial institutions were transferred to NAMA. The National Asset Management Agency ("NAMA") is a special purpose vehicle that was established by the Irish government on a statutory basis in order to manage loans acquired from financial institutions with the aim of achieving the best possible return for the Irish taxpayer over a 7 to 10 year timetable.

Ballymore Properties (Thames Royal) Limited

Notes *(continued)*

1 Significant accounting policies *(continued)*

Basis of preparation *(continued)*

During 2011, the Ballymore Properties group submitted a detailed business plan to NAMA. This plan has now been approved by NAMA and a Memorandum of Understanding ("MoU") has been signed. This MoU, together with the business plan, sets out the various conditions and key performance indicators that the group is required to achieve in order to ensure NAMA's continued support.

As part of their assessment of the appropriateness of the going concern basis of preparation of financial statements by group companies, the directors of Ballymore Properties have carried out a detailed assessment of the group's business plan, the status of its funding arrangements and its relationship with its key financiers including NAMA. The key assumption underlying this assessment is that the group will meet the financial targets agreed with NAMA and will formalise the arrangements set out in the MoU by completing binding facility agreements. Based on this assessment, the directors of Ballymore Properties have a reasonable expectation that the group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The directors of the company assess the basis of preparation of the company's financial statements each year, and whether it is appropriate to prepare them on a going concern basis. In doing so, they assess the appropriateness of the assumption that the group, and consequently the company, will continue as a going concern. The directors of the company have concluded that the above factors represent material uncertainties that may cast significant doubt on the ability of the group to continue as going concern and it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, given that the directors of the group have a reasonable expectation that the group will have sufficient cash resources available to meet their liabilities for at least 12 months from the date of approval of these financial statements, the directors of the company expect that its support from the Ballymore Properties group will continue for at least 12 months from the date of approval of these financial statements. As with any group company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, this material uncertainty may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Ballymore Properties (Thames Royal) Limited

Notes (*continued*)

1 Significant accounting policies (*continued*)

Turnover

Turnover, which is stated net of VAT, represents rental income recognised on an accruals basis

Joint arrangements

Where a company is party to a joint arrangement that is not an entity, the company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows

Stocks

Development properties

Development properties are properties acquired for future development and properties on which only initial development has commenced. These are stated at the lower of cost and net realisable value. Cost comprises purchase price and development costs. Costs also includes interest and finance fees which are capitalised from the date of commencement of development until the development is complete. However capitalisation of interest is suspended during extended periods in which active development is interrupted. Interest is calculated by reference to specific borrowing. Net realisable value is defined as the estimated selling price of the completed developments less all further costs to completion and selling costs as estimated by the directors.

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Ballymore Properties (Thames Royal) Limited

Notes (continued)

1. Significant accounting policies (continued)

Cash flow statement

As the company qualifies as a small company, the directors have availed of the exemption contained in Financial Reporting Standard 1 and, accordingly, no cash flow statement is presented

Interest receivable

Interest receivable is recognised as a credit to the profit and loss account on an accruals basis

2 Turnover

Turnover comprises rental and sundry income. All turnover arises from activities undertaken in the United Kingdom

3 Statutory and other information	2011	2010
	£	£
Provision for impairment of stock	11,422,052	22,000,000
Auditor's remuneration	5,945	6,958

No emoluments are paid to the director of the company. The company has no employees (2010: none)

4 Interest receivable and similar income	2011	2010
	£	£
Interest receivable on amounts due from RQB (Isle of Man) Limited	750,342	751,806

5 Interest payable and similar charges	2011	2010
	£	£
On bank / NAMA loans, overdrafts and other loans wholly repayable within five years	3,118,862	3,903,314
Less capitalised interest included in work in progress	-	(3,646,253)
	3,118,862	257,061

Ballymore Properties (Thames Royal) Limited

Notes (*continued*)

6 Tax on loss on ordinary activities	2011	2010
	£	£

Tax on loss on ordinary activities	-	-
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The current tax for the year differs from the standard rate of corporation tax in the UK. The difference is explained below

	2011	2010
	£	£
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(14,368,978)	(21,792,747)
Current tax at 28% (2010: 28%)	(4,023,314)	(6,101,969)
<i>Effects of</i>		
Expenses not deductible for tax purposes	(13,274)	13,327
Movement in tax losses	4,036,588	6,088,642
Total current tax	-	-

At 31 March 2011 there is an unrecognised deferred tax asset of £9.4 million in respect of unutilised tax losses

Ballymore Properties (Thames Royal) Limited

Notes (continued)

7 Stocks

	2011 £	2010 £
Development properties at cost	87,422,052	87,183,472
Provision for impairment	(63,422,052)	(52,000,000)
	<u>24,000,000</u>	<u>35,183,472</u>

The amount at which development properties are stated includes capitalised interest of £8,206,821 (2010 £8,206,821)

Each year, the directors review the carrying value of the company's stock in the context of current market conditions, and, where necessary, restate these assets at the lower of cost and net realisable value. In determining the realisable value, the directors appraise the eventual financial outcome on each stock item. They consider the various risks associated with development, including planning risk, construction risk and finance risk. They also examine the prudence of the assumptions underlying an appraisal including the timeline to complete, future attributable costs to complete (including planning, construction, marketing and financial costs, where appropriate) and the eventual proceeds the company can expect to receive from the sale of the stock. On this basis during the current year the directors have provided for a diminution in the carrying value of development properties of £11.4 million (2010 £22 million).

Net realisable value includes significant estimates concerning the timing and quantum of developments, estimated realisable values for developed properties and the cost of construction. There are significant judgements in determining the carrying value of development properties. The underlying assumptions used in the estimates may be impacted by matters such as the state of the general economy, the state of the UK and global property market, the availability of UK mortgage financing, the timing of future sales, and the costs of completing the build programme which in turn may be impacted by UK and global raw materials costs and inflation rates.

Ballymore Properties (Thames Royal) Limited

Notes (continued)

8 Debtors	2011	2010
	£	£
<i>Amounts falling due within one year</i>		
Trade debtors	23,338	59,284
Other debtors	10,396	205,935
Prepayments and accrued income	16,127	15,877
	49,861	281,096

As in prior year the company has retained full provision against a receivable of £7.5 million (2010 £6.7 million) from its co-owner, RQB (Isle of Man) Ltd, as it is unlikely this will be recovered in the current climate

9 Creditors: amounts falling due within one year	2011	2010
	£	£
Bank / NAMA loans	53,580,286	50,548,188
Amounts owed to group undertakings	42,208,816	42,003,054
Other creditors including tax and social welfare	248,502	117,808
Accruals	255,224	149,749
	96,292,828	92,818,799

The company is jointly and severally liable for bank borrowings with its co-owner, RQB (Isle of Man) Ltd. The above amount represents the company's share of this liability. The debt is secured by fixed and floating charges over the assets of the co-ownership, together with capital and interest guarantees from both a parent company of the company and individuals connected with RQB (Isle of Man) Ltd.

10 Called up share capital	2011	2010
	£	£
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	1	1

Ballymore Properties (Thames Royal) Limited

Notes (continued)

11	Profit and Loss Account	2011	2010
		£	£
	At beginning of year	(56,964,409)	(35,171,662)
	Loss for the financial year	(14,368,978)	(21,792,747)
	At end of year	(71,333,387)	(56,964,409)
12	Reconciliation of movements in shareholders' deficit	2011	2010
		£	£
	Opening shareholders' deficit	(56,964,408)	(35,171,661)
	Loss for the financial year	(14,368,978)	(21,792,747)
	Closing shareholders' deficit	(71,333,386)	(56,964,408)

13 Related parties and control

The company is a 100% subsidiary of Ballymore Developments Limited, a company incorporated in England and Wales. That company's parent is Ballymore Limited, a company incorporated in England and Wales. That company's parent is Ballymore Properties Holdings Limited, a company incorporated in England and Wales. The company's ultimate parent company is Ballymore Properties, a company incorporated in the Republic of Ireland. The company was controlled throughout the period by Mr S Mulryan.

The largest group in which the results of the company are consolidated is that headed by Ballymore Properties.

The smallest group in which the results of the company are consolidated is that headed by Ballymore Properties Holdings Limited. The consolidated financial statements of Ballymore Properties Holdings Limited are available from the company's registered office which is St Johns House, 5 South Parade, Summertown, Oxford, OX2 7JL.

The company has availed of the exemption available in FRS 8 - Related Party Disclosures, from disclosing transactions with Ballymore Properties and its subsidiary undertakings.

Details of transactions and balances with other related parties are disclosed elsewhere in these financial statements.

14 Post balance sheet events

There were no significant post balance sheet events which would materially affect the financial statements.

Ballymore Properties (Thames Royal) Limited

Notes *(continued)*

15 Joint arrangements

<i>Name</i>	<i>Proportion held by company</i>	<i>Principal activity</i>
Thames Royal Docklands	50%	Property development

The company has entered a co-ownership arrangement for the property with RQB (Isle of Man) Ltd. Each party is a 50% stakeholder in the co-ownership, Thames Royal Docklands. The trading address of Thames Royal Docklands is Pointe North, 3 Greenwich View Place, London E14 9NN.

Where the company is party to a joint arrangement, which is not an entity, the company accounts directly for its part of the income, expenditure, assets, liabilities, and cash flows.

16 Approval of financial statements

The directors approved the financial statements on 20 December 2011.